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MEMORANDUM

To	GDLT, MLT, Christoph Goppelsroeder, Dan Fox	Date:	{ TIME \@ "dd MMMM yyyy" }
Copy To		Number of pages:	1/2
Concerning	Development Portfolio 2009		

The CP, SC and L&G Controls Development Portfolio 2009 are now ready to be implemented!

Teams in CP Global Marketing, CP Product Development, SC Marketing and L&G R&D have now completed the Portfolio Reviews for CP, SC and L&G and have brought the Project Prioritization in line with the available resources for Product Development 2009. We have tried to incorporate all your inputs within the limits of the Budget 2009, and would like to thank you for your top-quality feedback.

As you are aware, the scarcity of free cash for the purchase of external Product Safety studies was the single most important driver for the prioritization.

The final portfolio was developed using the following logic:

- Projects containing Legal/Regulatory essential components were funded
- Projects with ongoing external Product Safety work were re-confirmed and will be completed
- New AI projects got high priority, but nevertheless received cuts as well, e.g. we have thinned out work on Durivo, Galaxy, Hambra and 449 and will not start the work with prodiamine in 2009
- Capability and Technology projects were significantly reduced (here, many MRL / IT related studies will have to wait)
- Finally, projects which were judged the least painful to cut were removed. In many cases, these projects had incomplete or no business cases, which was a factor that had to be taken into consideration.

However, there are many important projects where no external resource in Product Safety is available, but it still makes excellent business sense to start / continue work planned for Field Biology, Formulation Development and to use all in-house capacities. Global and Regional Project Managers are currently working with the businesses to review such projects and determine whether we continue, delay or even terminate in 2009.

Please be aware that CP Development is still carrying a global overview of \$10m, despite all the cuts.

Many people will be disappointed with the Portfolio 2009. Fact is, that our Dev spend in % to Sales is exactly the same 3.7% as in the first 2009 budget discussions. The emotional challenge is that our project proposals were created during the very upbeat season 2008, and we had now to fit it into the realities of 2009. Our people will understand this and make the most out of the available resources.

With these actions, we now close the prioritization and will implement the changes in the projects and functional workslates. Global and Regional Project Managers in Development will work closely with functions to implement the changes in SYPOS (later to be transferred into SmartChoice).

Attached you will find two spreadsheets for each CP and SC; 1) Projects in the final portfolio, and 2) Projects that may continue in 2009 in functions other than Product Safety. L&G had previously reduced their project demand during January/February. For L&G, you find one spreadsheet of projects in the final portfolio.

In addition, please find below the list of ratios to support the logic of investment.

What's next: everyone in Development should continue to make every saving possible in the coming months so we can absorb the global overview, and then fund as many projects on the long waiting list as possible.

We would like to thank you for your efforts to make the projects successful and fuel future growth!

Jasper Barnes
Head of Product Portfolio

Rolf Furter
Head of Product Development

CPD Budget compared with Sales (by Region)

all figures in m\$
Data Source: Syncrop

	Actuals 2007	Actuals 2008	Variance 2008 vs 2007 CER	Budget 2009	Variance BUD09 vs 2008 CER
EAME CP Sales	2,550	3,214	399	2,775	96
EAME CPD	(55)	(57)	1	(55)	(6)
EAME CPD % of Sales	2.1%	1.8%		2.0%	
NAFTA CP Sales	2,186	2,646	410	2,904	374
NAFTA CPD	(36)	(44)	(8)	(41)	2
NAFTA CPD % of Sales	1.7%	1.7%		1.4%	
LATAM CP Sales	1,406	2,018	613	1,936	(71)
LATAM CPD	(17)	(25)	(8)	(24)	0
LATAM CPD % of Sales	1.2%	1.2%		1.2%	
APAC CP Sales	1,075	1,280	177	1,217	82
APAC CPD	(19)	(22)	(3)	(18)	3
APAC CPD % of Sales	1.7%	1.8%		1.5%	
Global CPD	(206)	(225)	(15)	(105)	14
Total CP Sales	7,217	9,158	1,599	8,781	481
Total CPD (excl shared SE/CP)	(332)	(373)	(33)	(324)	14
Total CPD % of Sales	4.6%	4.1%		3.7%	
Total CPD % of Business Contribution	19.9%	16.3%		13.4%	